

# COVID-19 – From the asset management industry’s perspective

---

Sajid Kachhi

The [COVID-19 pandemic](#) continues to challenge global economies. Markets have been absorbed by its escalation over the past few months as stakeholders try to understand the global repercussions. Global concerns have grown steadily, disrupting the markets and shaking investor confidence.

This is driving the asset management industry to frame policies and come up with enhanced solutions to weather the crisis. In this blog, we share our views on the potential impact of the pandemic and provide options that the asset management industry may consider in its response.

Although [asset and wealth management firms](#) have been responding in their efforts also to encourage and motivate their workforces, they continue to face multiple challenges:

- **Market volatility** – The outbreak could result in significant financial market volatility for months, with expectations of a recession increasing. This makes it challenging to be a stakeholder. In the immediate term, therefore, it is important to maintain investor confidence and shield companies through continued client engagement and communication.
- **Regulatory challenges** – The regulatory authorities continue to provide guidance and assistance. Regulatory changes could make it challenging for asset management firms in terms of planning operations, reporting and other contingencies.
- **Liquidity management** – Asset management firms may need to be prepared for significant portfolio liquidations and redemption requests from investors. Low liquidity and increased valuation risk could result in tax ramifications. Lending markets could get tougher and finance could become less accessible.
- **Operational risk** – As more companies shift to working remotely, security protocols could fail, increasing the risk of cyberattack. Hackers are increasingly abusing the situation to make phishing attacks. Asset managers would, therefore, have to invest in robust security services to ensure their remote working areas are safe from such attacks, and clients’ confidential data and the clients themselves are protected from significant legal and reputational damage.

## After the pandemic:

The markets, governments and the [health industry](#) are all hopeful that their efforts will ease the

---

chaos the COVID-19 pandemic has created. We believe the asset management industry should also continue deploying best practices.

- Comprehensive business continuity plans (BCPs) should be in place to enable staff to continue to operate amid extraordinary circumstances. Companies also need to be mindful of their employees' immediate needs and concerns, while ensuring they are equipped with networking capabilities and high-speed bandwidth.
- Asset managers could also look at this challenging situation as an opportunity to acquire new businesses or accelerate existing businesses, by investing in [digital education](#) for their customers, showcasing their strong digital abilities with robust risk frameworks, to open new avenues of business via digital communication channels.
- Asset management firms would also have to take measures to improve and sustain investor confidence by easing concerns and supporting clients that may have been affected by COVID-19 impacts. Effective client communication, with detailed information about their investments and additional plans to secure them amid volatile markets, can make a big difference. The firms should support their clients by helping them sail through trade-offs during this period of uncertainty. Digitally equipped firms would be more comfortable to take on this crisis.
- Firms should also be ready to cooperate with both peer organisations and industry third parties to safeguard the stability of the entire industry. They would, therefore, need to stay closely aligned to each other, local authorities and regulators. Active monitoring of the situation, implementing remote working arrangements, recovery strategies, crisis preparation and sharing other best practices are the need of the hour.

## **Adapting to the new normal**

We believe COVID-19 will have a deep impact on how we do business around the world. Companies would need to be flexible to adapt to this new normal of business as they rethink their strategies for 2020.

Here is where [Acuity Knowledge Partners](#) can help you navigate through these challenging times. Our global offices can enable you to handle business demand and uncertainties with ease. With our understanding of the market, we are helping many of our clients to chart their 2020 strategies.

To support them in navigating both the people and business impact of COVID-19, we have created a [dedicated hub](#) containing a variety of topics, including our latest thinking, thought leadership content and action-oriented guidelines and best practices.

### **About Acuity Knowledge Partners**

Acuity Knowledge Partners is a leading provider of high-value research, analytics and business intelligence to the financial services sector. The company supports over 350+ financial institutions and consulting companies through a team of over 3,000+ subject matter experts who work as an extension of the clients' teams based out of various global delivery centres.

---

We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.

---

© 2021 Acuity Knowledge Partners. All Rights Reserved.

[contact@acuitykp.com](mailto:contact@acuitykp.com) | [acuitykp.com](https://acuitykp.com)